

VZCZCXRO5462
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #1471/01 1500122
ZNR UUUUU ZZH
P 290122Z MAY 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 4619
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 0424
RUEHFK/AMCONSUL FUKUOKA 8042
RUEHOK/AMCONSUL OSAKA KOBE 1726
RUEHNAG/AMCONSUL NAGOYA 6345
RUEHKSO/AMCONSUL SAPPORO 8633
RUEHBJ/AMEMBASSY BEIJING 3592
RUEHUL/AMEMBASSY SEOUL 9593
RUCNDT/USMISSION USUN NEW YORK 0038

UNCLAS SECTION 01 OF 11 TOKYO 001471

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05/29/08

Index:

1) Top headlines
2) Editorials
Prime Minister's daily schedule: Attended TICAD IV; Bilateral meetings also with African leaders

Earthquake in China:

3) China asks Japan to send SDF planes to deliver relief goods for earthquake victims (Mainichi)
4) ASDF airlift of relief goods to China could start within days of government's order (Nikkei)
5) Japan surprised by China's request to send ASDF planes with earthquake relief goods (Asahi)
6) Sudden request for SDF earthquake assistance may be Hu Jin Tao's way of silencing hard-core critics of his Japan policy (Sankei)

TICAD-IV - African development conference:

7) African nations support Japan's anti-global warming measures and the initiative will be mentioned in the TICAD's Yokohama Statement (Nikkei)
8) In meeting on TICAD sidelines with Sudan's president, Prime Minister Fukuda presses for early resolution of Darfur issue (Nikkei)
9) Change in government's policy toward cooperative financing (Asahi)
10) Government in between a rock and hard place in pledges of large amounts of aid and fiscal discipline (Sankei)

11) Global warming countermeasures: Over dozen countries including Japan willing to put up \$5.5 billion to help countries fight

greenhouse-gas emissions (Asahi)

North Korea problem:

12) Assistant Secretary Hill in meeting with North Korean counterpart conditions DPRK removal from terror-sponsoring list to progress on abduction issue (Yomiuri)

13) Prime Ministerial Advisor Nakayama in speech hopes for returning to the starting point on abduction negotiations with DPRK (Sankei)

14) Bank of Japan Governor Shirakawa: Low interest rates caused Japan, U.S. bubble economy (Yomiuri)

15) Former LDP postal rebel Hiranuma lining up forces through a series of Diet members' leagues (Yomiuri)

Articles:

1) TOP HEADLINES

Asahi:

Japan considering sending SDF aircraft to China to transport relief supplies

Mainichi:

Government to send SDF planes to quake-hit areas in Sichuan at China's request

Yomiuri:

ASDF aircraft to be dispatched to China to transport relief supplies

TOKYO 00001471 002 OF 011

Nikkei:

Government to inform China of sending SDF planes

Sankei:

ASDF aircraft to be dispatched to China for first time; President Hu might try to press anti-Japanese group

Tokyo Shimbun:

Government to send SDF planes to China

Akahata:

Atomic lawsuit: New standards for designation of atomic-bomb victims insufficient

2) EDITORIALS

Asahi:

(1) Investigation of insider trading: We are surprised at NHK's lack of sense of crisis

(2) Appointments requiring Diet approval: Bad rules should be abolished as quickly as possible

Mainichi:

(1) ASDF plane dispatch to China: Japan should provide China with maximum support

(2) Agreement on public servant system reform: Politicians, you can do it

Yomiuri:

(1) Aid to Africa: Japan to grow with African states

(2) Reform of civil servant system: Need for concrete measures to implement reform

Nikkei:

(1) Drastic reform necessary for decentralization

(2) SDF should join China relief operations

Sankei:

(1) Recommendations for decentralization: "Zero answers" no longer forgiven

(2) Banning cluster bombs: Security of Japan will be impaired

Tokyo Shimbun:

- (1) Public servant system reform: Why is the system not being completely reformed?
- (2) Stock trading in NHK: Three-time investigations needed

Akahata:

- (1) Setting of mid-term goals: Seriousness for battle against global warming being tested

- 3) Government to send SDF planes to quake-hit areas in Sichuan Province at China's request

MANI CHI (Top Play) (Full)

May 29, 2008

In order to transport such relief supplies as tents and blankets to earthquake-hit areas in Sichuan Province, China, the Japanese government, at the request of the Chinese government, decided yesterday to send shortly Air Self-Defense Force C-130 transport

TOKYO 00001471 003 OF 011

aircraft in line with Japan Disaster Relief Team Law. The government is considering having the ASDF planes transport supply goods from Japan to airports of the quake-hit areas in China. It will be the first time for an SDF relief unit to be dispatched to China. It will be the first time for the SDF to carry out relief operations since they did so in 2006 when Indonesia was hit by a massive earthquake.

Chief Cabinet Secretary Nobutaka Machimura revealed yesterday in a press conference that the Chinese government had asked Japan through the Japanese embassy in Beijing for relief goods as well as the dispatch of SDF aircraft. He stated: "We understand that China wants the SDF to deliver tents and blankets to airports in China."

Since the tents and blankets that the Japan International Cooperation Agency (JICA) has stockpiled in Singapore are running out because many were provided to cyclone-hit Burma (Myanmar), the Government is now considering sending goods held by the SDF to China in the form of a grant. The Defense Ministry is now carrying out coordination with the Finance Ministry as to the procedure for using state-owned assets for international assistance.

If the dispatch of SDF aircraft is ordered, a fact-finding team will be sent within 48 hours and a C-130 transport plane will be dispatched within five days. According to the Defense Ministry, two to three C-130 transport planes will likely be dispatched to China. The government is considering transporting relief supplies from the Komaki base where a transport unit is stationed to Shengdou and Chengdou in China.

If the dispatch this time around is realized, it will be the first case for Japan in the postwar period, excluding a government plane used for the prime minister's overseas trips. Assuming that the private sector will provide relief goods to China, the government is also considering the dispatch of private charters along with the SDF planes. Japan dispatched a 61-member relief team to the quake-hit areas in Sichuan Province and a 23-member medical team has been now carrying out its mission.

- 4) ASDF cargo aircraft to depart for China within 5 days after receiving order

NIKKEI (Page 2) (Abridged)

May 29, 2008

The government is preparing in full swing to send Air Self-Defense Force transport planes to China in order to carry out relief operations for those affected in the Sichuan earthquake, officials said yesterday. This is for the ASDF to airlift relief goods for victims after intergovernmental coordination between Japan and China. The government will map out how to collect tents and blankets as well as specific flight plans for ASDF C-130 transports. A main unit of the ASDF will be readied to depart within five days after receiving government orders.

The Defense Ministry is now planning to fly Komaki-based C-130

transports to airlift tents, blankets, and medical supplies to Beijing, Chengdu, or elsewhere. The C-130 is a mainstay cargo plane of the Self-Defense Forces. The ASDF has a total of 16 C-130s, three of which are currently engaged in a mission for reconstruction assistance to Iraq. The ASDF can fly up to six C-130s for disaster relief operations.

TOKYO 00001471 004 OF 011

In the case of overseas activities under the International Emergency Relief Law and the Self-Defense Forces Law, the SDF is to send an advance team within 48 hours after receiving dispatch orders. That is intended to check the conditions of runways. The ASDF's main unit will be readied within two or three days after that.

5) China's turnaround surprises Japan

ASAHI (Page 3) (Full)
May 29, 2008

China has asked Japan to send Self-Defense Forces aircraft to help transport relief supplies following the devastating quake that hit Sichuan earlier this month. The Chinese asking for help was a surprise to officials in the foreign and defense ministries. "I never expected China to change like this," a senior official of the Defense Ministry admitted, "because they used to have such an allergy to the SDF."

Shortly after the Sichuan quake, some of the Japanese government wondered if the government would send the SDF to China for emergency relief operations. However, the government was negative of it, with one high-ranking official saying: "China has enough people in its military and police and will use them, so I don't think they will ask for help. Also, China has pride as a big power."

In 1992, Japan amended its law for international emergency assistance. This legal reform has made it possible for Japan to engage the SDF in overseas emergency relief operations. Japan, under the revised law, has so far tasked the SDF with a total of nine overseas missions, including those in Asia and in the Middle East. After the 2004 Sumatra offing earthquake and the 2006 Java earthquake, the Air Self-Defense Force's C-130 transport planes airlifted supplies to Indonesia. In addition, the Ground Self-Defense Force was engaged in medical support and epidemic prevention. However, Japan has never sent the SDF to China.

Chief Cabinet Secretary Machimura, meeting the press yesterday, commented on the Chinese government's request: "The damage over there is so serious, so I presume that they judged they would have to depend on foreign countries for what they can't do themselves." The government is now studying specific ways to transport relief supplies. "We will probably use C-130 transport planes," a high-ranking government official said. An ASDF staff officer also said, "It depends on how much we would carry, but it's possible to fly several C-130 transports."

Such an unprecedented move reflects the recent improvement in bilateral relations. Chinese President Hu Jintao visited Japan early this month and met with Prime Minister Fukuda. In their meeting, the two leaders just released a joint statement and confirmed "strategic reciprocity" in bilateral relations. The SDF and the People's Liberation Army are also about to promote defense exchanges. This time, a Chinese military official first sounded out the Japanese embassy in Beijing on airlift activities involving SDF aircraft.

However, some of the Japanese government's officials are also cautious about the Chinese request. "It's a sensitive issue," a senior official of the Foreign Ministry said. China's public sentiment toward Japan has now improved through Japan's dispatch of a relief team for the Sichuan quake. Even so, there is no knowing how the dispatch of SDF aircraft will work on the Chinese people's

TOKYO 00001471 005 OF 011

mindset.

Meanwhile, Foreign Minister Koumura was careful about his choice of words. "They're not asking us to carry something on SDF aircraft," Koumura told reporters yesterday evening in Yokohama. He added: "They're saying it's also all right if we use SDF aircraft. That's my understanding." He also said, "There are many things to study, so I think we need the prime minister's judgment." With this, Koumura underscored the necessity of a political judgment.

A senior official of the Defense Ministry is enthusiastic, saying, "There's nothing better than this in a way to deepen defense exchanges between Japan and China." However, another Defense Ministry official says there is no predicting how it will affect Japan-China relations in the future.

6) By requesting SDF assistance, Hu administration may be trying to contain hard-liners toward Japan

SANKEI (Top play) (Full)
May 29, 2008

Toshu Noguchi, Beijing

The Chinese government's decision to ask Japan for a dispatch of the Self-Defense Forces' (SDF) aircraft to China in the aftermath of the Sichuan earthquake is likely to bring about a major change in bilateral relations. Behind this decision seems to be the Chinese government's intention to contain hard-liners in the Chinese military and to underwrite his stance of attaching importance to Japan. He is doing so by taking advantage of the current mood in the country where public sentiment toward Japan is improving due to Japan's international disaster relief team's rescue activities following President Hu Jintao's recent visit to Japan.

In China, how the Chinese Communist Party, which has formed a single-party regime, came into being is related to the war against Japan. Anti-Japanese education, including encouraging teaching about the atrocities of the former Imperial Japanese Army, culminated in fostering anti-Japanese feelings and patriotism. Even the Japanese "Rising Sun Flag" has been seen as a symbol of the history of Japan's aggression in China.

However, the recent visit to Japan by President Hu was called a "warm spring trip." When the Sichuan earthquake occurred afterwards, the Japanese rescue team was the first foreign group to arrive in the disaster-hit area. Chinese mass media gave wide coverage to the Japanese rescue team, with one Chinese daily reporting that "the rescue team members are making desperate efforts at the risk of their lives." Their activities, as well as the follow-on medical team's, have been appreciated and received with gratitude in China.

China's request to Japan to send SDF aircraft to China followed those Japanese teams' activities, but a Chinese military officer noted: "It is not that we lack transport planes due to rescue activities." Perhaps because of anti-Japanese sentiments and in terms of the People's Liberation Army's honor, some in the army are reportedly opposed to the government's request to Japan for a dispatch of SDF planes to China.

The Japanese rescue team was asked to rescue victims in a mountainous area where there seemed to be scant survivors. As a

TOKYO 00001471 006 OF 011

result, it failed to demonstrate its capability to rescue. Reportedly, the Japanese team was sent to such an area in line with the Chinese military's intention, for the Chinese military has jurisdiction over the disaster-hit areas. In one disaster-affected area, some Chinese soldiers criticized the Japanese rescue team and voiced opposition to it. Given the situation regarding the rescue team, one can easily imagine how Chinese hard-liners against Japan, including those in the military, will negatively react to the SDF when they start relief operations in China.

Notwithstanding, the Chinese government asked Japan for a dispatch of SDF planes. That is perhaps because: (1) as an actual problem, China is in extremely short supply of goods, such as tents; (2)

China wants to show at home and abroad its stance of attaching importance to international cooperation; and (3) China wants to improve the public's feelings toward Japan for the better. Above all, rebuilding a good relationship between Japan and China would lead to strengthening the power base of President Hu, given the existence of former President Jiang Zemin, a hard-liner against Japan who is still influential.

In part helped by the state-run TV's news reports on inspections of the disaster-hit areas by Hu and Premier Wen Jiabao, their popularity is rising. Meanwhile, "Jiang Zemin, who demonstrates his voice over personnel selection of key central officials in the party, tends to be sinking," a Chinese source said. Expectations are building on a "political effect" of SDF aircraft.

7) TICAD: African countries support Japan's global warming countermeasures; Yokohama Declaration to specify sector-by-sector reduction approach

NIKKEI (Page 2) (Abridged slightly)
May 29, 2008

In the fourth Tokyo International Conference on African Development (TICAD-4) that kicked off yesterday in Yokohama, African countries are likely to express their support for Japan's measures to combat global warming. In return for Japan's assistance in preventing global warming in terms of funds and technology, African nations will announce their support for Japan's countermeasures, including the sector-by-sector approach to reduce greenhouse gases. Their support will be incorporated in the Yokohama Declaration to be adopted on May 30.

Prime Minister Yasuo Fukuda, delivering a speech in the opening ceremony, played up his determination to spread Japan's Cool Earth Partnership initiative to combat global warming throughout the African continent. The partnership initiative is a 10-billion-dollar-scale measure toward developing countries designed to assist them in proliferating new energy. The initiative also includes the promotion of the sector-by-sector approach.

In a plenary session held yesterday afternoon to discuss the global warming issue, leaders of many African nations, including Seychelles and Tunisia, expressed their support for Japan's support measures.

The framework after the Kyoto Protocol, which expires in 2012, has not been determined, and international talks are underway. Japan aims to advance the ongoing talks in its favor by enlisting support from over 50 African nations. Emitting only a small amount of greenhouse gases and lacking large industries, African countries

TOKYO 00001471 007 OF 011

seem to have found the sector-by-sector approach easy to support.

8) Fukuda urges Sudanese president to settle Darfur conflict swiftly

NIKKEI (Page 2) (Abridged slightly)
May 29, 2008

Prime Minister Yasuo Fukuda held a meeting yesterday morning with Sudanese President Bashir at a Yokohama hotel. In the session, Fukuda urged the Sudanese president to swiftly resolve to the conflict in Darfur, an international concern, saying: "Whether Japan can extend (economic) assistance depends on the president." In response, Bashir indicated that pressure must be applied to the antigovernment forces, saying: "The problem is that the antigovernment forces do not attend the talks."

9) Africa aid: Switch to concerted financing

ASAHI (Page 1) (Full)
May 29, 2008

Prime Minister Fukuda during the Fourth Tokyo International Conference on African Development (TICAD IV) revealed a plan to extend fresh yen loans worth 4 billion dollars (approximately 420

billion yen) to Africa. In connection with this proposal, the government and the World Bank have firmed up a policy of sealing a comprehensive tie-up deal with an eye to extending concerted financing for their joint projects. They will formally reach an agreement at a meeting between Prime Minister Fukuda and World Bank Group President Robert B. Zoellick on May 29.

Japan's ranking in the list of donors of official development assistance (ODA) dropped to fifth place due to its harsh fiscal conditions. Under such a situation, the government has determined that Japan is limited in what it can do on its own in addressing African countries' request for major development projects aimed at integrating their economies. As such, it will shift the focus of its aid policy to giving priority to aid items extended jointly with international agencies, based on this framework.

The comprehensive tie-up deal with the World Bank will cover a wide range of areas, including the consolidation of infrastructure, promotion of private-sector investment, agriculture, education, health care and climate change.

Concerted financing will smoothen the wide-area development of infrastructure, such as the building of a principle road network system straddling several countries. For instance, for the consolidation of road networks, which the prime minister in a speech delivered at the opening ceremony stressed as most important, up to 8 million dollars (approximately 84 billion yen) in yen loans will be provided mainly for projects eligible for concerted financing between Japan and the World Bank. The construction of principal roads in Kenya and West Africa and highways in Senegal will likely be eligible for concerted loans. Up to 760 million dollars will be extended for power development. Japan jointly with the World Bank will help Zambia and Mozambique build power distribution grids.

Following the sharp rise in food prices, which are hitting impoverished people in Africa, the government will provide up to 480 million dollars (approximately 50 billion yen) in yen loans mainly

TOKYO 00001471 008 OF 011

for projects eligible for concerted loans with the World Bank. Japan will also contribute over 22 million dollars (approximately 2.3 billion yen) for various funds aimed at improving agricultural productivity.

For measures to combat climate change, Japan will tie up with the United Nations Development Program (UNDP). As part of such an effort, the government will help governments of African nations reduce damage from droughts and submersion under water, by outlaying a total of 120 million dollars (approximately 12.6 billion yen) from the Cool Earth Partnership, a funding mechanism totaling 10 billion dollars (approximately 1 trillion yen), which it has established for assisting developing countries.

10) Japan's "4 billion dollars" aid plan faces predicament of being caught between aid commitment to Africa and fiscal discipline

SANKEI (Page 1) (Full)
May 29, 2008

Prime Minister Yasuo Fukuda made a public pledge on Japan's aid to Africa in a keynote speech at the 4th Tokyo International Conference on African Development (TICAD IV) yesterday. The Africa issue will also be high on the agenda at the upcoming Group of Eight (G-8) Summit (Lake Toya Summit in Hokkaido) in July. As the chair, Japan is aiming to take the initiative in discussions there, bringing in Africa. By enticing the participation of Africa, Japan will aim at securing its national benefits over the medium to long term. But the prime minister's pledges lacked specifics in a sense.

Emphasizing the necessity to promote infrastructure building in Africa, Fukuda announced in the speech Japan's plan to extend up to 4 billion dollars in yen loans to Africa over the next five years. Japan's decision to offer aid, despite its austere fiscal conditions, stems from a judgment that financial aid is necessary in order to solicit support from Africa for Japan's bid for a permanent seat on the United Nations' Security Council.

However, there is a trick in the "4 billion dollar" aid plan. In offering yen loans to a certain nation, the government has so far announced within Japan an amount worked out by deducting repayment money. But the "4 billion dollar" includes such money.

In the run-up to TICAD4, the Foreign Ministry was calling for a significant increase in the nation's official development assistance (ODA) disbursements to Africa. But the government's annual economic and fiscal policy guideline adopted in a cabinet meeting in 2006 specified an annual 2-4 PERCENT cut in the ODA budget. When considering this policy, it was all the government could do to come up with a plan to increase yen loans by up to 160 million dollars annually by 2012. Fukuda was under the predicament of being caught between the two challenges of "aid to Africa" and "fiscal discipline." As a result, he hammered out the "4 billion dollars," as a Foreign Ministry source remarking: "This is a good showy figure," giving consideration to both challenges.

Fukuda stressed: "Our nation, as a peace-cooperation nation, is determined to step up efforts to consolidate and build peace in Africa." For Japan's bid to become a permanent UNSC member, international contributions in the security area are also indispensable, but Fukuda made no reference to specific plans.

TOKYO 00001471 009 OF 011

Self-Defense Force (SDF) troops have not joined the ongoing UN peacekeeping operations (PKO) in Africa. The government is now planning to dispatch three to four SDF officials to the headquarters of the United Nations Mission in Sudan (UNMIS) in southern Sudan.

In a bilateral meeting with Sudanese President Omar al-Bashir yesterday, Fukuda was expected to reveal Japan's PKO assistance plan, but it was not taken up because "time ran out," according to a diplomatic source. Although Fukuda expressed his determination to win a UNSC permanent seat, he failed to demonstrate his eagerness to prove it.

11) Global warming prevention fund worth 5.5 billion dollars to be created to assist developing countries: More than 10 countries to contribute

ASAHI (Page 1) (Full)
May 29, 2008

It seems likely that industrialized countries, such as Japan, the U.S. and Britain, will reach an agreement at the G-8 (Lake Toya Summit) to be held in Hokkaido in July to establish a fund aimed at helping developing countries battle against global warming. More than 10 countries are expected to contribute to the establishment of the planned fund, disbursing 5.5 billion dollars in total (approximately 570 billion yen). The aim of establishing such a fund is to encourage developing countries to take part in a new framework for cutting global warming greenhouse gas emissions.

President Robert Zoellick of the World Bank, which will be in charge of managing the fund, yesterday revealed the plan. Australia and Canada will also take part in the fund, making it the largest ever scale as a measure to combat climate change. Zoellick underscored, "The fund will make a significant contribution in backing negotiations for setting up a framework replacing the Kyoto Protocol." The fund will be named the Climate Investment Fund. The plan was proposed by Japan, the U.S. and Britain at a meeting of finance ministers and central bank governors from the Group of Seven nations (G-7) held in Tokyo in February. Agreement in principle was reached at a working-level meeting held in the middle of this month, bringing together participants from about 40 countries. The fund will be established as early as this fall if G-8 participants support it.

The U.S. and Britain plan to disburse 2 billion dollars (approximately 210 billion yen) and 800 million pounds (approximately 170 billion yen) respectively over three years. Japan is also undertaking coordination with the possibility of disbursing more than 100 billion yen. Finance Minister Nukaga will call on

other countries to take part in the fund at the Group of Eight finance ministerial meeting to be held in Osaka from June 13.

The fund consists of two pillars -- the Clean Technology Fund worth 5 billion dollars for the dissemination of solar energy generation, etc, and the Strategic Climate Fund worth 500 million dollars for helping forest conservation and control.

There is strong dissatisfaction with the Kyoto Protocol for its insufficient funding assistance to developing countries. This has been one cause for developing countries hesitating to take part in official UN talks on the creation of a post-Kyoto Protocol framework. The focus will be whether industrialized countries can

TOKYO 00001471 010 OF 011

succeed in having developing countries take proactive action.

12) Progress in Japan-North Korean relations required before DPRK delisted as state sponsor of terrorism

YOMIURI (Page 4) (Full)
May 29, 2008

Shoji Minami, Beijing

The Japanese and American chief delegates to the six-party talks on the North Korean nuclear issue, U.S. Secretary of State Christopher Hill and Japan's Foreign Ministry's Asian and Oceanian Affairs Bureau Director-General Akitaka Saiki, met late yesterday (late yesterday, Japan time) in Beijing. On the question of whether to delist North Korea as a state sponsor of terrorism, they confirmed that removing that country from the list of state sponsors of terrorism is premised on progress in Japan-China relations, including the abduction issue.

13) Prime Ministerial Advisor Nakayama hopes Pyongyang would readdress abduction issue

SANKEI (Page 5) (Abridged slightly)
May 29, 2008

Kyoko Nakayama, advisor to the prime minister on the abduction issue, held a press conference yesterday at the Japan National Press Club in Tokyo's Uchisaiwaicho. Touching on the talks in May 2004 between then Prime Minister Junichiro Koizumi and North Korean leader Kim Jong Il, Nakayama said: "General Secretary Kim has sent us a message to return to the starting point. Although a North Korean official in charge said, 'The issue has been settled,' it is conceivable to return to the first visit to North Korea in September 2002 and start talks all over again." Thus Nakayama expressed her strong hope about the possibility of North Korea readdressing the abduction issue.

In addition, while stressing Japan's policy to aim at the repatriation of all abductees, Nakayama spoke of conditions for Tokyo to lift sanctions against the North: "If concrete talks begin with the North for returning (abductees) to Japan, that would be progress."

About the relationship between the option of bringing the Yodo-go airliner hijackers back to Japan from the North and the United States' plan to delist the North as a state sponsor of terrorism, Nakayama said: "(Bringing them back to Japan) is considered to be a plus factor for the delisting of the North, but it has no direct bearing on the abduction issue." She emphasized her position that the United States should not delist the North on the grounds of the repatriation of the Yodo-go hijackers.

14) BOJ governor attributes low-interest rates to asset bubbles in Japan, U.S.

YOMIURI (Page 9) (Full)
May 29, 2008

Bank of Japan (BOJ) Governor Masaaki Shirakawa said yesterday: "Many of the recent asset bubbles in Japan and the United States were

caused by prolonged low interest rates despite commodity prices

TOKYO 00001471 011 OF 011

stabilized." He indicated that the state of interest rates remaining low was a major cause for asset bubbles in Japan and the U.S. He made this comment, focusing on the bubble economy in Japan in the latter half of the 1980s and the subprime mortgage crisis in the U.S.

Regarding the bubble economy in Japan, Shirakawa said: "At that time, many companies anticipated that interest rates would remain low for a long term. It is impossible to say that this is nothing to do with the bubble economy."

Shirakawa concluded: "If (central banks) focus their attention only on inflation rates, they may fail to swiftly take necessary monetary measures and eventually may allow significant changes to occur in economic activities." He thus emphasized the importance of taking monetary measures while keeping in mind price rise rates over the medium- to long-term. He made the above remarks in his speech at the central bank's 2008 International Conference.

15) Hiranuma active in various parliamentary groups

YOMIURI (Page 4) (Full)
May 29, 2008

Former Minister of Economy, Trade and Industry Takeo Hiranuma (independent) is eager to organize a new party. He is briskly taking part in a number of parliamentary groups.

Yesterday, Hiranuma assumed the post of chair of the supraparty parliamentary group "Parliamentary League to Consider the Japanese Language." Its inaugural meeting was attended by 45 lawmakers. Among the council's executive members are former Prime Minister Mori, the major opposition Democratic Party of Japan's (DPJ) Upper House Steering Committee Chair Takeo Nishioka, and the People's New Party's Representative Watanuki. In the meeting, Hiranuma emphasized: "In Japan, we call words the spirit of language, and for generations, we have set a high value on words. Unfortunately, however, the Japanese language has become very corrupted due to the Occupation's policies. I want to lead a campaign to restore a good Japanese language."

Hiranuma also heads the "Parliamentary League to Take Swift Action to Rescue Japanese Citizens Abducted by North Korea" and the "Japan-Taiwan Parliamentary Council". Today, Hiranuma will assume the post of supreme advisor to the "Japanese People's Forum" (represented by Teikyo Heisei University Prof. Kenzo Yoneda), a supraparty study group that conservative local assembly members are to launch today. In its inaugural meeting, Hiranuma will deliver a speech.

One participant in the forum said: "A number of local assembly members sympathize with Hiranuma about his idea of aiming at being a 'true conservative.' If he forms a 'Hiranuma party,' I want to join it." Will Hiranuma's brisk activities in parliamentary groups lead to his establishing a new party? His moves are drawing much attention in Japan's political center Nagata-cho.

SCHIEFFER